

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE**

**Community Development Block Grant (CDBG) Program**

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January 17, 2013

Cindy Trobitz-Thomas  
Director of Economic Development and Housing Programs  
City of Eureka  
531 K Street  
Eureka, CA 95814

**RE: Invitation to Submit Pre-Application for CDBG Over the Counter (OTC)  
Economic Development Funding in Support of Commercial Rehabilitation  
of Carson Block Building**

Dear Ms. Trobitz-Thomas,

This letter documents the formal invitation of a pre-application from the City for the Carson Block Building commercial rehabilitation project. The Department has verified that this project is an eligible CDBG activity as a commercial rehabilitation project. The project meets the HUD national objective of elimination of spot blight in the City's historic district. The public benefit provided by the project is goods and services to the local community. Department staff has completed a cursory review of the project financial analysis. It appears that the facility can support all proposed financing needed to complete the roof, seismic retrofit and façade improvements to the building.

Based on the number of low and moderate income residents in the City which would benefit from the project, the City could apply for up to \$5,000,000 in CDBG OTC funds. These CDBG funds would be granted to the City. The City in turn may offer the CDBG OTC funds to the project sponsor, Northern California Indian Development Corporation (NCIDC) as grant and loan funds. The City may provide CDBG funds as grant match funds required by existing California Cultural and Historic Endowment grants. The balance of CDBG OTC funds may be offered to NCIDC as a loan with rates and terms that allows for the project to cash flow and stays financially viable well into the future. Department staff will work with the City, NCIDC and Arcata Economic Development Corporation on finalizing the structure of CDBG funding (loan versus grant) over the next two to three months as part of completing a pre-application.

Once the OTC pre-application is completed, the City will receive a written invitation to do the final application. The final application process is a simple administrative procedure where the City formally adopts the application for OTC funding via a public hearing and resolution.

Upon submittal of the final application the Department will do a final review for CDBG compliance and award funds. If a funding award letter is issued, then the Department would issue a grant contract for CDBG OTC funding and the City would draw down funds for eligible project construction costs. It is anticipated that this full application and award process could be complete in six months or less.

The CDBG funds being applied for by the City are federal funding made available to the Department through the U.S. Department of Housing and Urban Development (HUD). As such, use of CDBG funding for the Carson Block Building commercial rehabilitation activity will trigger compliance with several federal laws. Specifically, the City must ensure compliance with National Environmental Policy Act (NEPA), Uniform Relocation Act (URA) and Davis Bacon Labor Standards.

At this time no construction work on the project can proceed until the NEPA Environmental Review Record has been completed. Department staff recommends that the City work with NCIDC to coordinate project activities so that these federal laws are complied with and the project is not delayed.

Should you have any questions please contact me at (916) 552-9361 or via e-mail at [ptalbott@hcd.ca.gov](mailto:ptalbott@hcd.ca.gov).

Sincerely,



Patrick Talbott,  
CDBG Economic Development Representative

Cc: OTC Project File  
Kathie Hamilton-Gentry, NCIDC Staff  
Kelli Sterling, Arcata EDC